



## ADMINISTRATION & FINANCE COMMITTEE

January 16, 2003

### MINUTES

#### 1. CALL TO ORDER

The Regular Meeting of the Administration and Finance Committee (A&F) was called to order at 12:07 p.m. by Chairperson Williams in Room 204, City of San Jose, 801 North First Street, San Jose, California.

#### ROLL CALL

##### Members Present

Pat Dando, Vice Chairperson  
Jane P. Kennedy  
Forrest Williams, Chairperson

##### Members Absent

Don Gage  
Pete McHugh  
Joe Pirzynski

A quorum was present.

#### 2. PUBLIC PRESENTATIONS

There were no Public Presentations.

#### 3. ORDERS OF THE DAY

There were no Orders of the Day.

### CONSENT AGENDA

#### 4. Regular Meeting Minutes of December 19, 2002

M/S/C (Kennedy/Dando) to approve the Regular Meeting Minutes of December 19, 2002.

**NOTE:** M/S/C MEANS MOTION SECONDED AND CARRIED AND, UNLESS OTHERWISE INDICATED, THE MOTION PASSED UNANIMOUSLY.

**5. Report on Santa Clara Valley Transportation Authority Investments for the Month of November 2002**

**M/S/C (Kennedy/Dando)** to receive and file the Report on Santa Clara Valley Transportation Authority Investments for the Month of November 2002.

**6. Contractor Pre-Qualification Pilot Program Monthly Report**

**M/S/C (Kennedy/Dando)** to receive and file the Contractor Pre-Qualification Pilot Program Monthly Report.

**7. Citizens Advisory Committee (CAC) Appointments/Re-Appointments**

**M/S/C (Kennedy/Dando)** to approve submitting a recommendation to the Board of Directors to approve the appointment of Sarah Zimmerman representing South Bay AFL – CIO Labor Council to the Citizens Advisory Committee (CAC) with a term expiration of June 30, 2003.

**8. Monthly Legislative Reports**

**M/S/C (Kennedy/Dando)** to receive and file the Monthly Legislative Reports.

**REGULAR AGENDA**

**9. Vice Chairperson for FY 2003**

**M/S/C (Kennedy/Williams)** to elect Member Dando as Vice Chairperson for FY 2003.

**10. Amendment of the Unrestricted and Restricted Investment Policy**

Scott Buhner, Chief Financial Officer, provided a brief overview on the Amendment of the Unrestricted and Restricted Investment Policy. Mr. Buhner noted that staff recommends that the money earmarked for operating deficits and the local share of capital projects be moved into a taxable money market index account as a benchmark. Mr. Buhner added that the portion of Restricted funds, which are earmarked for workers compensation and general liability, will continue to be invested using the same intermediate index account. Mr. Buhner noted that VTA's priorities have always been safety, equity and return and added that this amendment investment policy is directed towards safety.

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**M/S/C (Kennedy/Dando)** to approve submitting a recommendation to the Board of Directors to approve changes to the Unrestricted and Restricted Investment Policy and authorize the General Manager to implement a new investment strategy for cash reserves earmarked to underwrite operating deficits and the local share of capital projects.

Chairperson Williams requested monthly update reports on the investment policy. Mr. Buhner noted that another category will be included in the Santa Clara Valley Transportation Authority Investments monthly report.

**11. FY 2001/2002 Comprehensive Annual Financial Report (CAFR)**

Mr. Buhner provided a brief update on the FY 2001/2002 Comprehensive Annual Financial Report (CAFR) and introduced David Bullock of Macias, Gini & Company LLP, a certified public accounting firm. Mr. Bullock noted major changes to the CAFR presentation from previous years primarily because of the issuance of Governmental Accounting Standards Board (GASB) Statement Number 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. Mr. Bullock noted that VTA’s financial statements are free of material misstatement and fairly present the respective financial position of the business-type activity, the government activity, each major fund, and the aggregate remaining fund information of VTA and the respective changes in financial position and cash flows, and passed conformity with accounting principles generally accepted in the United States of America.

Vice Chairperson Dando requested that staff forward the recommendations provided by Macias, Gini & Company LLP regarding VTA’s financial report to A & F Committee Members as soon as it becomes available. Vice Chairperson Dando acknowledged the professionalism and diligent work of Mr. Buhner and staff. Mr. Buhner noted that staff will forward the recommendations provided by Macias, Gini & Company LLP as soon as they become available.

**M/S/C (Dando/Kennedy)** to receive and file the FY 2001/2002 Comprehensive Annual Financial Report (CAFR).

**12. FY 2001/2002 Single Audit Report**

**M/S/C (Dando/Kennedy)** to receive and file the FY 2001/2002 Single Audit Report.

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**13. Amendment to Master Agreement with the California Highway Patrol for Traffic Control Services for Valley Transportation Plan (VTP) 2020 Projects**

Jack J. Collins, Chief Construction Officer, provided a brief overview on the Amendment to Master Agreement with the California Highway Patrol (CHP) for Traffic Control Services for Valley Transportation Plan (VTP) 2020 Projects. Mr. Collins noted that VTA is in partnership with the CHP to provide freeway traffic control services necessary to ensure safe construction zones for construction and inspection personnel and the motoring public during construction of the 1996 Measure B Transportation Improvement Program (MBTIP). Mr. Collins noted that staff would like to amend the Master Agreement to include freeway traffic control services for the VTP 2020 Projects.

**M/S/C (Dando/Kennedy)** to approve submitting a recommendation to the Board of Directors to authorize the General Manager to execute an amendment to the Master Agreement with the California Highway Patrol (CHP) for Traffic Control Services during construction of VTP 2020 Highway Projects in an amount not to exceed \$195,000, for a new total agreement amount of \$1,105,000.

**14. Fiscal Emergency Service Reduction Plan**

Frank T. Martin, Chief Operations Officer, provided a brief report and introduced Mike Aro, Service and Operations Planning Deputy Director, who provided a brief overview on the Fiscal Emergency Service Reduction Plan. Mr. Aro noted that approximately 80 percent of the Santa Clara VTA's operating revenues are generated from sales tax of one form or another; and, these sales taxes are the principal revenue source VTA has to fund bus and light rail transit service and capital projects. Mr. Aro noted that VTA is experiencing the compounding effect of consecutive year over year declines in sales tax revenues. Mr. Aro added that as unemployment increases bus and light rail rider-ship decreases. Mr. Aro noted that VTA has taken a number of steps to address sales tax and revenue shortfalls in FY 2003 Budget, such as, the elimination of 300 positions, deferred or eliminated \$70 million in locally funded capital projects, reduced administrative expenses and implemented a 15 percent fare increase and five percent service reduction. He noted that additional service reductions are necessary.

Mr. Martin noted that 13 public meetings regarding the Proposed Service Reduction were held in December 2002 to gather input from the community.

Mr. Aro noted that staff has made every effort to minimize the impact of the proposed service modifications to transit riders. Mr. Aro noted that staff made a determination that selected elements be removed from the proposal due to severe rider impact or hardship, and noted that the items removed totaled approximately

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one percent, resulting in the potential nine percent service reduction contained in the Fiscal Emergency Service Reduction Plan. Mr. Aro noted that the proposed service reductions of three percent will be implemented in April 2003 pending the approval of the Board of Directors at the February 6, 2003 Regular Board Meeting. Mr. Aro noted that future proposed service reductions will be deferred pending an on-going assessment of VTA's financial situation. Mr. Aro noted that additional public community meetings will be conducted as future proposed service reductions are considered and the information will be forwarded to the A & F Committee Members.

Vice Chairperson Dando thanked staff for their diligent work with the public and their community outreach efforts.

Mr. Martin noted that a series of public meetings will be conducted to gather public input prior to future potential service reductions.

**On order of Chairperson Williams**, there being no objection, the Committee received and filed the Fiscal Emergency Service Reduction Plan.

## **OTHER ITEMS**

### **15. Committee Work Plan**

**On order of Chairperson Williams**, there being no objection, the Committee received the Committee Work Plan.

### **16. Committee Staff Report**

Kaye L. Evleth, Chief Administration Officer, noted the temporary suspension of the Rental Assistance Loan Program and Computer Loan Program until VTA's financial issues are resolved.

Michael P. Evanhoe, Chief Development Officer, provided a brief report noting the significant impact on transportation by the Governor's proposed State Budget.

Vice Chairperson Dando requested to work with Congestion Management Program and Planning staff to coordinate information for an article regarding local impact of the State Budget.

Vice Chairperson Dando requested to work with Congestion Management Program and Planning staff to coordinate information for an article geared toward neighborhood newspapers regarding local impact of the State Budget. Vice Chairperson Dando suggested that VTA staff provide a presentation to the State League Transportation Committee at the January or February Meeting regarding addressing State Budget issues through educating the public.

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**17. Chairperson's Report**

Chairperson Williams thanked Administration and Finance Committee Members for the opportunity to serve as A & F Chairperson for FY 2003. Chairperson Williams noted A & F Meeting schedule calendar conflicts and recommended alternate dates be scheduled to accommodate the Committee Members calendar.

**18. Determine Consent Agenda for the February 6, 2003 Board Meeting**

**CONSENT: Agenda Item #7.**, Approve the Citizens Advisory Committee (CAC) Appointments/Re-Appointments; **Agenda Item #10.**, Approve changes to the Unrestricted and Restricted Investment Policy and authorize the General Manager to implement a new investment strategy for cash reserves earmarked to underwrite operating deficits and the local share of capital projects; **Agenda Item #11.**, Receive and file the FY 2001/2002 Comprehensive Annual Financial Report (CAFR); **Agenda Item #12.**, Receive and file the FY 2001/2002 Single Audit Report and **Agenda Item #13.**, Authorize the General Manager to execute an amendment to the Master Agreement with the California Highway Patrol (CHP) for Traffic Control Services during construction of VTP 2020 Highway Projects in an amount not to exceed \$195,000, for a new total agreement amount of \$1,105,000.

**REGULAR: None**

**19. Announcements**

There were no Announcements.

**20. ADJOURNMENT**

**On order of Chairperson Williams**, there being no objection, the meeting was adjourned at 1:55 p.m.

Respectfully submitted,

Michelle Garza, Board Assistant  
VTA Board of Directors

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